

**HYDRAFORCE HYDRAULIC SYSTEMS (CHANGZHOU) CO., LTD**  
**TERMS AND CONDITIONS OF SALE**

1. **OFFER TO SELL.** Seller, HydraForce Hydraulic Systems (Changzhou) Co., Ltd. (HydraForce) hereby offers to sell to the party or parties noted on the front of this document as Buyer, the products described on the face of this offer on the terms and conditions stated herein. Acceptance of this offer is expressly limited to acceptance of all the terms and conditions of this offer. No additional terms contained in any document tendered by Buyer and no oral terms shall become a part of the agreement between the parties unless confirmed in writing by the seller.
2. **SHIPMENT.** Unless otherwise specifically indicated on the front of this document, all prices are for products packed for domestic shipment and for delivery Ex-Works Seller's plant in Changzhou, China. Shipping dates are approximate and based on prompt receipt of all necessary information. All risk of loss shall be upon Buyer upon Seller placing the goods in the possession of a common carrier or Buyer's designated carrier. Buyer shall pay all transportation and delivery charges to final destination. Seller shall assist in tracing goods lost in transit. Shipment dates are not guaranteed. If shipment is delayed beyond the scheduled date, Seller shall advise Buyer within 6 business days after the scheduled date of the delay. Buyer shall remain obligated under this Agreement unless released in writing by Seller.
3. **PRICE.** Prices stated herein or on Buyer's order may be increased by Seller upon delivery based upon increases in material costs or other costs of production or relevant exchange rates. Seller may also add where applicable reasonable and normal local preparation and delivery charges and re-stocking charges which Buyer will pay upon receipt of Seller's invoice therefore. Buyer shall pay a minimum order charge of USD \$50.00 or RMB equivalent.
4. **PAYMENT.** Payment shall be due 30 days after the date of shipment. Interest will be charged at 1 1/2 percent per month on amounts past due. Partial shipments may be made and payments therefore shall be due 30 days after the date of shipment. Terms of sale herein are subject to credit approval, and Seller may at any time prior to delivery modify the terms of payment originally specified to ensure prompt payment for the products ordered.
5. **CHANGES.** Any changes to this Agreement requested by Buyer shall only be allowed if Seller expressly agrees to such changes in writing. Seller may accept or reject proposed changes in its sole discretion.
6. **TAXES.** The amount of taxes stated on the face hereof, if any, is approximate only. Buyer is liable for the full amount of all taxes applicable to or resulting from this transaction. Buyer shall pay the amount of all such taxes, upon request by Seller, as if originally added to the price herein. If seller pays such taxes, Buyer shall reimburse Seller therefore.
7. **SECURITY INTEREST.** Seller shall retain a security interest in the products delivered hereunder until the total amounts due hereunder, including the selling price, taxes, and delivery or other charges, is paid in full by Buyer. Buyer agrees to sign and deliver to Seller any additional security agreement required by Seller.
8. **DEFAULT AND REMEDIES.** If Buyer shall fail or refuse to accept delivery of the products ordered or shall default in the performance of any of the terms, covenants and conditions of this Agreement, Seller shall have available to it any remedy allowed by law or equity, and may recover all damages suffered as a consequence from Buyer's breach, including reasonable costs and attorneys fees incurred in enforcing this Agreement or recovering such damages. Without limiting the foregoing, Seller shall have the right in the event of a breach or default to retain the cash deposited or paid to it by Buyer and the products accepted by it on account of the sale price, if any, and apply the same toward payment of its damages. If products ordered have been delivered to Buyer by Seller at the time of default or breach, Seller may declare the full amount due and payable without notice or demand and may repossess the products as allowed by law.
9. **EXPRESS WARRANTY.** Seller warrants to the original purchaser of its products that the products are free from defects in workmanship and material, when operated under normal conditions and in accordance with Seller's and/or industry recommended practices.

This warranty shall be in effect for a period of 60 months from the shipment date, but not to exceed 65 months from the date of manufacture as indicated by the date code stamping.

**NOTE: This warranty specifically excludes** cartridge seals due to O-ring shelf life limitations. Further, this warranty excludes products not of HydraForce manufacture which may be included as adjunctive products in manifolds or systems. These products specifically include, but are not limited to, other manufacturers' cartridge valves, sub-base type valves, electronic connectors, sensors, controls, switches, modules, displays, fittings and filters. Where these products carry original manufacturer's warranties, the warranty passes through HydraForce to the original user as provided within the original manufacturer's warranty. Consult Factory.

To be eligible for warranty consideration all product items must be covered by acceptable documentation and received at Seller's factory within 3 months of the date of claim according to the requirements of the HydraForce Returned Goods Policy, as revised, which is considered to be part of this limited warranty.

This warranty shall not apply to products which, in the sole judgment of Seller have been inadequately maintained or shelf-preserved, subjected to contamination, negligent handling, improper installation, tampering or unauthorized disassembly.

Liability under this warranty is limited to the repair or replacement, at Seller's option, of the products determined to be defective upon examination and to be within the warranty period. The warranty period upon replacement or repair shall not extend beyond the date of expiration of the warranty period for the original product.
10. **WARRANTY DISCLAIMER AND LIMITATION OF LIABILITY.** THE EXPRESS WARRANTY ABOVE IS IN LIEU OF ALL OTHER WARRANTIES (EXCEPT OF TITLE), EXPRESS OR IMPLIED, AND THERE IS NO IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE FOR THESE PRODUCTS. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES RESULTING FROM EITHER DEFECTS IN THE PRODUCTS OR ANY OTHER BREACH OF THE AGREEMENT BETWEEN THE PARTIES, INCLUDING, BUT NOT LIMITED TO, COST OF REMOVAL OF THE PRODUCT, DAMAGES DUE TO REMOVAL, OR ANY OTHER COSTS INCURRED IN SHIPPING THE PRODUCT TO AND FROM THE PLANT OF MANUFACTURE, OR INCURRED IN THE INSTALLATION OF THE REPAIRED OR REPLACED PRODUCT.
11. **APPLICATION APPROVAL/LIMITATIONS.** Seller's products have been successfully applied in a wide variety of commercial applications and are designed to generally conform to common industrial and mobile performance standards and practices. However, Seller specifically prohibits any Distributor, Customer, or other third party from applying Seller's products in the following applications, without obtaining HydraForce Engineering Department approval:
  - Explosive or hazardous environments
  - On-highway or railway vehicles carrying passengers
  - Aircraft or aerospace vehicles
  - Ordnance equipment
  - Nuclear facility equipment
  - Life-saving or support equipmentQuestions regarding approval of applications should be directed to HydraForce Factory Engineering personnel. Approval must be obtained in writing and does not constitute suitability for use, which is the sole decision of the designer, based on qualification testing of the device.
12. **FORCE MAJEURE.** The performance of each party's obligation under this Agreement are subject to all contingencies beyond the control of such party or its suppliers, including, but not limited to, Force Majeure, strikes, labor disputes, floods, fires, civil commotion, embargoes, quotas, shortage of labor, delays in transportation, or government action, including, but not limited to, price controls, currency controls, or detention of goods by authorities, and the parties accordingly are to be relieved of any obligation to each other for damages which may result from such contingencies; provided, however, that the parties shall perform their obligations to the maximum extent as soon as possible.
13. **BUYER'S CANCELLATION AND RETURNS.** Buyer may cancel or reduce its order, revise specifications or extend schedules only upon Seller's consent and by paying to Seller a cancellation charge calculated by Seller. Acceptance of returned goods is solely in Seller's discretion. Prior written authorization via RGA Form is required.
14. **DIES, TOOL, ETC. USED IN PRODUCTION OF THE GOODS.** No dies, tools, gauges, fixtures, patterns, or other such materials used by Seller in the production of the goods will be supplied or paid for by Buyer, unless Buyer has previously or herein agreed. All dies, tools, fixtures, patterns, or other such materials paid for by Buyer will remain the property of Seller and be maintained by Seller, unless otherwise agreed to in writing.
15. **PATENT.** Seller will defend any suit or proceeding against buyer, insofar as it is based on a claim that any article or part thereof furnished hereunder constitutes an infringement of any patent of the United States, if Seller is notified promptly in writing and given authority, information and assistance (at Seller's expense) for the defense or settlement of the same, and the Seller will pay all damages and cost which by final judgment (or by settlement agreed to by seller) are awarded therein against Buyer, provided, however, that no obligation or liability shall result from the foregoing provision if (a) any such article or parts is manufactured in accordance with any design, drawing or specification that is furnished to Seller by or for Buyer and that is not based upon Seller's design, drawing or specification, or (b) such infringement or alleged infringement arises out of or is based upon the use of the article with another article or material or in a particular manner.
16. **LIMITATION ON ASSIGNMENT.** Seller and Buyer may not assign obligations under this Agreement without the prior written consent of the other.
17. **ENTIRE AGREEMENT AND APPLICABLE LAW.** The rights and obligations of Seller and Buyer shall be governed by PRC law. The provisions hereof are intended by Buyer and Seller as a final expression of their agreement and are intended also as a complete and exclusive statement of all the terms applicable to Buyer's order. No waiver, modification or addition to any of the terms hereof shall be binding on Seller.